



National Senior Citizens Law Center

PROTECTING THE RIGHTS OF LOW-INCOME OLDER ADULTS

VIA EMAIL

July 22, 2011

The Honorable John Kerry
218 Russell Bldg.
Second Floor
Washington D.C. 20510

The Honorable Peter Stark
239 Cannon Building
Washington, DC 20515

Re: SUPPORT for the Medigap Medical Loss Ratio Improvement Act of 2011

Dear Senator Kerry and Representative Stark:

I am writing on behalf of the National Senior Citizens Law Center in support of the Medigap Medical Loss Ratio Improvement Act of 2011, which would increase the minimum loss ratio (MLR) required of Medigap policies. The proposed increase would match the Affordable Care Act standards for private insurance and Medicare Advantage plans creating equitable standards between the Medigap market and other health insurance markets.

The National Senior Citizens Law Center is a non-profit organization whose principal mission is to protect the rights of low-income older adults. Through advocacy, litigation and the education and counseling of local advocates, we seek to ensure the health and economic security of those with limited income and resources and access to the courts for all. A significant part of our work focuses on improving the delivery of the Medicare benefit.

Under current Medigap standards, insurance companies providing Medigap plans are required to return to policyholders in the form of benefits, 75% of the premiums collected in group policies and 65% of the premiums collected in individual policies. This standard does not match the MLR set by the Affordable Care Act ("ACA") for private insurers and Medicare Advantage plans which requires that individual and small group

markets spend 80% and insurance companies in the large group markets spend 85% of premium dollars collected on the health care improvement of consumers.

The MLR provision in the ACA was created to provide transparency in the private insurance and Medicare Advantage markets and ensure that consumers receive the best value from their health plan. The same standard should be adopted in the Medigap market to ensure that Medigap consumers receive the same protection as those in other health insurance markets. Providing similar standards across markets will help ensure equity in the delivery of health care to private consumers, Medicare Advantage enrollees and Medigap participants and improve quality across the health system.

The enactment of the Medigap Medical Loss Ratio Improvement Act of 2011 would provide the same level of protection to consumers in the Medigap market that is available to those in other health insurance markets.

For this reason, the National Senior Citizens Law Center supports the Medigap Medical Loss Ratio Improvement Act of 2011. Thank you very much for your consideration of this important legislation.

Sincerely,



Kevin Prindiville
Deputy Director